



28 April 2005

Summary of Consolidated Financial Statements for the Financial Year Ended 31 March 2005

Listed company's name: **Shinko Securities Co., Ltd.** Listing stock exchanges: Tokyo, Osaka, and Nagoya
 Code No.: 8606 Location of head office: Tokyo
 (URL: <http://www.shinko-sec.co.jp/>)
 Representative: Takashi Kusama, President
 Contact: Akihiko Furuta, General Manager of Treasury Dept. at (03) 5203-6000
 These financial statements were approved at a meeting of the Board of Directors on 28 April 2005.
 Name of parent company and other affiliated entities: Mizuho Financial Group, Inc. (Code: 8411) and two other companies
 Percentage of company voting rights held by parent company and other affiliated entities: 27.5%
 These financial statements were not compiled in accordance with U.S. GAAP.

1. Summary of Business Results for the Financial Year Ended 31 March 2005 (1 April 2004 to 31 March 2005)

(1) Consolidated results of business activities (Note) The amounts displayed below have been rounded off downwards to the nearest million yen.

	Operating revenues		Net operating revenues		Operating profit		Ordinary profit	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
Financial year to March 2005	113,052	(-1.7)	108,350	(-1.9)	10,170	(-50.1)	14,220	(-37.2)
Financial year to March 2004	114,967	(43.2)	110,483	(44.1)	20,391	()	22,643	()

	Net profit		Net profit per share	Net profit per share (diluted)	Return on Equity (ROE)	Ratio of current income to current expenses
	mil. yen	%	yen	yen	%	%
Financial year to March 2005	7,737	(-50.4)	9.85		3.4	79.5
Financial year to March 2004	15,614	()	19.91		7.3	71.7

(Note) 1. Investment profit or loss on equity method: Financial year to March 2005: 101 million yen
 Financial year to March 2004: 4 million yen
 2. Average number of shares outstanding (consolidated): Financial year to March 2005: 768,152,743
 Financial year to March 2004: 774,091,793
 3. There has been no change in the accounting methods used to compile these financial statements.
 4. Percentage figures for operating revenues, net operating revenues, operating profit, ordinary profit, and net profit represent the percentage increase (or decrease) on the previous year.

(2) Consolidated financial status

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	mil. yen	mil. yen	%	yen
Financial year to March 2005	3,485,017	232,083	6.7	300.82
Financial year to March 2004	2,443,667	227,376	9.3	293.49

(Note) Number of shares outstanding (consolidated): Financial year to March 2005: 770,938,777
 Financial year to March 2004: 774,043,431

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash & cash equivalents balance at term end
	mil. yen	mil. yen	mil. yen	mil. yen
Financial year to March 2005	-179,002	-14,270	135,322	51,656
Financial year to March 2004	1,758	-7,631	75,539	109,557

(4) Scope of full consolidation and partial consolidation under the equity method:

Number of fully consolidated subsidiaries: 15

Number of non-consolidated subsidiaries under the equity method: --

Number of equity-method affiliates: 5

(5) Changes in scope of consolidation and application of the equity method:

Consolidation: One company was added and no company was removed.

Equity method: No company was added or removed.

2. Forecast of consolidated business results for the full financial year ending 31 March 2006 (1 April 2005 - 31 March 2006):

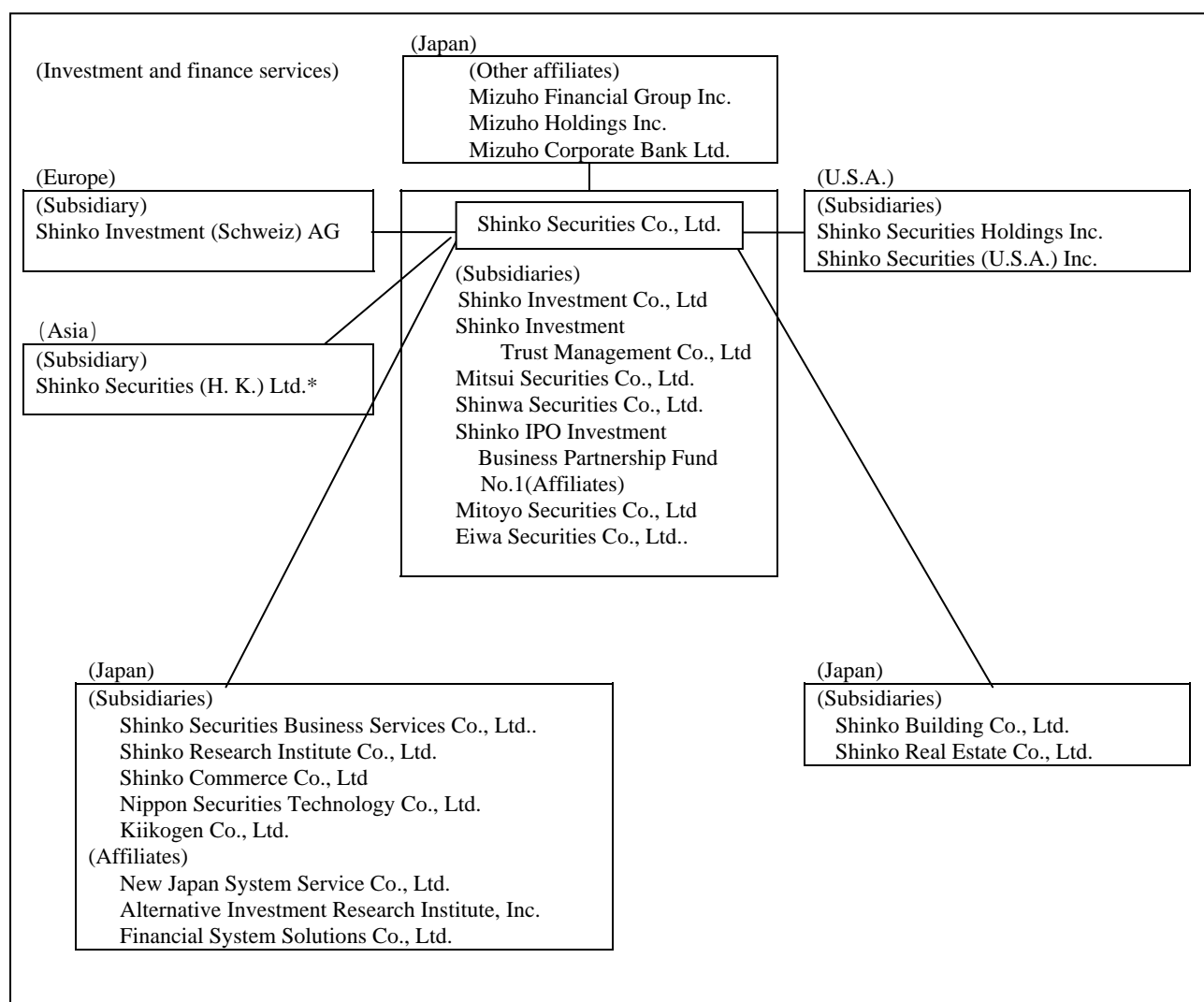
Because the main business activity of our corporate group is the buying and selling of securities, our earnings are strongly influenced by market conditions, etc. For this reason, we do not conduct forecasts of our business results.

Our Corporate Group

Our corporate group is composed of 16 subsidiaries and 5 affiliates. The business activities of our company and of 9 of the subsidiaries and 2 of the affiliates consist mainly of trading securities, the commissioning of securities trading, the underwriting and selling of securities, offering and selling of securities, handling of private offerings, and other securities- and finance-related activities, as well as a wide range of services in the areas of raising and operating funds for customers. The other companies provide services related to and supportive of our company's activities, conduct market surveys and research, manage real estate, and more. Therefore, our corporate group's business activities all come under the single business segment of "investment and financial services."

All of our subsidiary companies, except Shinko IPO Investment Partnership Fund No. 1, are consolidated companies, and the equity method is applied for all of our affiliated companies.

1. Organizational Diagram of Corporate Group



* Shinko Securities (H. K.) Ltd. received its securities business license on 18 April 2005.

[Business Policy]

1. Our Basic Business Policy

Our corporate group's main field of business is the securities industry and related areas. In this field we provide a full line of services, from retail to wholesale, as a general securities company having multiple, integrated functions. As a securities company in the Mizuho Financial Group, moreover, we aim to maximize the synergy among group members and their departments, thereby providing high-value added financial services to a wide range of customers.

2. Our Basic Policy Regarding Profit Distribution

Our company's main goal is to maximize corporate value. Our basic policy with regard to profit distribution is to provide a variable dividend, based on the results in the corresponding year.

3. Numerical Goals

Our Third Medium-Term Business Plan outlines the following targets: (1) ROE of over 10%; (2) An increase of over 15% in net operating income; (3) Profit margins that rank among the top group of companies in the industry; (4) Eight trillion yen of assets deposited by retail customers (as of the end of March 2006); (5) 1.25 trillion yen of assets deposited through equity investment trusts (as of the end of March 2006).

4. Medium- and Long-Term Business Strategy

Our company established our Third Medium-Term Business Plan that will end March 2006. Current signs suggest that Japan's long-term recession and deflationary spiral may be coming to an end. Our Medium-Term Business Plan will guide our efforts towards significant business expansions, which capitalize on the movements in the equity market as investors attempt to pre-empt the economic upturn. The essence of the plan is outlined below.

- Third Medium-Term Business Plan (April 2004 - March 2006)
(Medium-Term Business Policy)

- In order to firmly establish our position as the leading corporate group in the industry, it is essential for us to maximize the merits of our full range of services. We must expand our middle-retail customer base, pursue improvements in functionality and efficiency in our corporate division, and further strengthen our products division that supports our customer division.

(Basic Principles)

- Evolve into the securities company which best serves society.
 - Aim to provide the highest standards of services
 - Contribute to the vitality of the capital markets
 - Be a warmhearted organization

5. The Year's Business Goals and Their State of Achievement

In this financial year, we continued to adhere to our fundamental principle of "evolving into the security company which best serves society", as set out under our Third Medium-Term Business Plan. We also aimed "to be a securities company that can achieve stable earnings in any business environment", through the solidification of our business base and the reform of our profit structures.

In the Retail Division, sales of investment trusts and variable annuity performed solidly due to our efforts to provide products, services and information appropriate to individual customers through the implementation of our "Sales Restructuring Project" which emphasizes viewing the business from a customer's point of view. The number of new accounts and value of deposited assets also increased significantly compared to the previous year. In addition, the "Shinko Securities Asset Management Wrap" (known as "Long Up"), a new product concept by which portfolios are tailored to individual customers which we started offering in December 2004, received widespread support, with both the monetary value and the number of contracts significantly exceeding projected levels. Furthermore, at Customer Plaza Central Marunouchi, a joint branch office of ours and the Mizuho Bank that opened in the previous year, we offered, with considerable success, high-quality general financial services based on the idea of "one-stop shopping," undertaking of which should have been contributing greatly for us to expand our sales base and to meet the investment needs of our Group companies' customers.

In the Wholesale Division, through various measures taken to expand our investment banking business, we have been steadily cumulating actual results. In our equity underwriting business, we maintained our position of third place in the industry in terms of both the number of initial public offerings (IPO) underwritten and the underwriting participation rate. The company also increased its share of the market in public offerings (PO - the issue and sale of shares by public or listed corporations). In our bond underwriting business, we also maintained a large share of the market in the underwriting of corporate bonds especially for our individual investors.

Meanwhile, our business alliance with Mizuho Securities, which includes the joint operation of underwriting businesses, not only had a beneficial effect on our business performance and increasing our market presence, but also played a large role in expanding our sales foundation by becoming a supply source of products for our

middle-retail customers. Additionally, contracts for our securities intermediation and market-making businesses, which aim to expand our operations base outside the Mizuho Group, are progressing, principally among regional financial institutions. In the future, these operations are expected to be our new profit-making sources .

In the Products Division, in addition to aiming for increased profits through our trading and dealing capabilities, we have also aimed to bolster our product development and information dissemination capabilities to meet customers' needs, which are becoming more diverse and complex. By working to create a lineup of high-value added products including privately-placed structured bonds and insurance products, and achieving timely provision of optimum products, we have increased our sales revenue from non-equity products to expand our profitability in areas which are not easily affected by market fluctuations. In the field of information, which is the life-blood of a securities firm, we have built structures for providing information on investment strategy that includes not only high-quality equity information for retail customers, but also valid information for corporate clients from macro-economic and corporate analysis.

Thus, positive effects have been steadily appearing as results of the implementation of the above mentioned measures , and we intend to vigorously drive those measures forward in the future.

6. Our tasks to be solved

The securities industry is facing unprecedented reforms in the financial and securities-market systems. In addition, competition in the industry is expected to intensify as more and more new companies enter the field. At the same time, it is believed that a large amount of capital, the like of which has never been seen before, will flow with amazing force into the securities market due to, among other things, developments in direct financing, the introduction of a securities intermediation system, the implementation of an investment-favoring tax system, and a complete lifting of the ban on payoffs. Accordingly, we believe that the securities industry will increasingly expand in the future.

Given this business environment, in April 2004 we established our Third Medium-Term Business Plan, which sets forth guidelines for achieving dynamic business growth in the future. The plan seeks to create a securities company that can enable its customers to realize a high degree of satisfaction through their transactions. It also attempts to provide for the thoroughgoing quality control of our assets (products, employees, information, accounts), contribute to the vitalization of Japan's securities market, and promote our evolution into a securities company that has a strong sense of its role in society as a general securities company. We view the achieving of these goals as a matter of the utmost importance for our company, and all of our officers and employees have joined together in endeavoring to attain them.

7. Basic Approach to Corporate Governance and the State of Implementation of Related Measures

(Basic Approach to Corporate Governance)

We are aware that, currently, the key to our future corporate growth is the extent to which we can make timely, appropriate decisions and create organizational frameworks to respond to our rapidly changing business environment. Recognizing the importance of increasing managerial speed, of ensuring the transparency of corporate activities, and especially of increasing disclosure and accountability to shareholders, our company has undertaken various measures aimed to improve our corporate governance.

(The State of Implementation of Measures Related to Corporate Governance)

(1) Current status of corporate governance structures in management administration organizations connected with management decision-making, execution and supervision.

1) Description of management organizations.

Our company is one that has installed full-time auditors. With regard to our current corporate governance system, we have two types of management decision making bodies: a board of directors, which is required by law; and a management committee, which is composed of the company's directors and those executive officers who are in charge of the company's main operations. Based on the "Board of Directors Rules," the board of directors makes decisions about legal matters and matters related to the administration of especially important operations. Based on the "Management Committee Regulations," the management committee discusses and decides on administrative matters other than those decided by the board of directors. In addition, various other committees such as advisory bodies to the management commission. This committees principally debate agenda items requiring specialist, flexible management decisions. Currently, there are 11 advisory committees: Human Resources Strategy Committee, IT Strategy Committee, STP (Straight-through processing) Committee, Investment Committee, Underwriting Screening Committee, Risk Management Committee, Compliance Committee, Rewards and Sanctions Committee, Human Rights Development and Promotion Committee, Information Security Committee and the PI Investment Committee.

As of the end of this financial year (31 March 2005), our company has nine directors, of whom three are representative directors and six also serve as executive officers; we have no outside directors. There are 26 executive officers (excluding those who also serve as directors) who are appointed by the board of directors.

The status of executive officer is based on a company mandate. Their term of office, like that of directors, is as a rule two years. The executive officers, under the direction and supervision of the president, execute the business of the company according to the scope authorized by the board of directors. There are three types of executive officers; Senior Managing Executive Officer, Managing Executive Officer, and Executive Officer.

Introducing a system of executive officers has made it possible to greatly reduce the number of directors, which in turn has had the effect of invigorating debate on the Board of Directors and strengthening the Board's decision-making function. In addition, it has enabled executive officers to execute, with greater dispatch, the duties of which they are in charge.

Note that four auditing officers (two of whom are external directors) give advice and make recommendations to the board of directors, and actively make recommendations to the management committee and other committees.

2) Current status of internal control systems

In March 2003, our company established our "Basic Policy for the Implementation of Compliance." The establishment of compliance structures governing the board of directors, board of auditors and each level of the company, the methods of business operation employed by the board of directors, compliance committee and each division of the company, and audits and other functions carried out by the audit committee, audit department and other departments are implemented appropriately in accordance with this Basic Policy.

3) Current status of risk management systems

Our risk management systems and reporting systems are based on the understanding that the management of various types of risks is one of the most important issues facing management. Each month the Risk Management Committee debates and hears reports of the management of various risks. We are working to ensure the appropriate implementation of risk management through measures such as setting acceptable risk level limits twice a year at the Management Committee and drawing up quarterly risk management reports.

In July 2004, we established a new "Information Security Committee" to manage risk management structures for risks that could directly link to management problems. The committee dealt with issues including the strengthening of information management systems, including personal information, and the establishment of a business continuation plan.

4) Current status of internal audit, corporate auditor's audit, and financial audit.

The internal audit is conducted by our auditing department based on the resolutions concerning basic auditing policy and plans which are passed twice yearly by the board of directors. The audit department conducts comprehensive and objective evaluations and investigations of the appropriateness and effectiveness of internal monitoring procedures from a standpoint independent of other departments. The audit department reports the results of its investigations to the board of directors every quarter. As of the end of March 2005, the audit department was composed of 45 persons in 5 sections. The audit department and audit officers, in consultation with each other, also conduct simultaneous audits of our branch offices, and exchanges opinions on any problems or issues at these offices.

Regarding the financial audit, audits to assess compliance with the Commercial Code of Japan and the Securities and Exchange Law are carried out jointly by Chuo Aoyama Audit Corporation, and Yasumori Audit Corporation. The names and other details of the Certified Public Accountants who carried out audit work for the company during the year ended March 31 2005 are listed below.

List of the names and affiliation of Certified Public Accountants who carried out audit work.

Name of Certified Public Accountant		Audit Corporation
Designated employee or employee conducting audit	Yoshio Fujima	Chuo Aoyama Audit Corporation
	Koichi Hamagami	
	Mikio Yokokawa	Yasumori Audit Corporation
	Kimio Murakami	

5) Other

(Executive remuneration)

Remuneration paid to directors and auditors officers during this financial year was as follows:

Total annual remuneration paid to directors 232 million yen

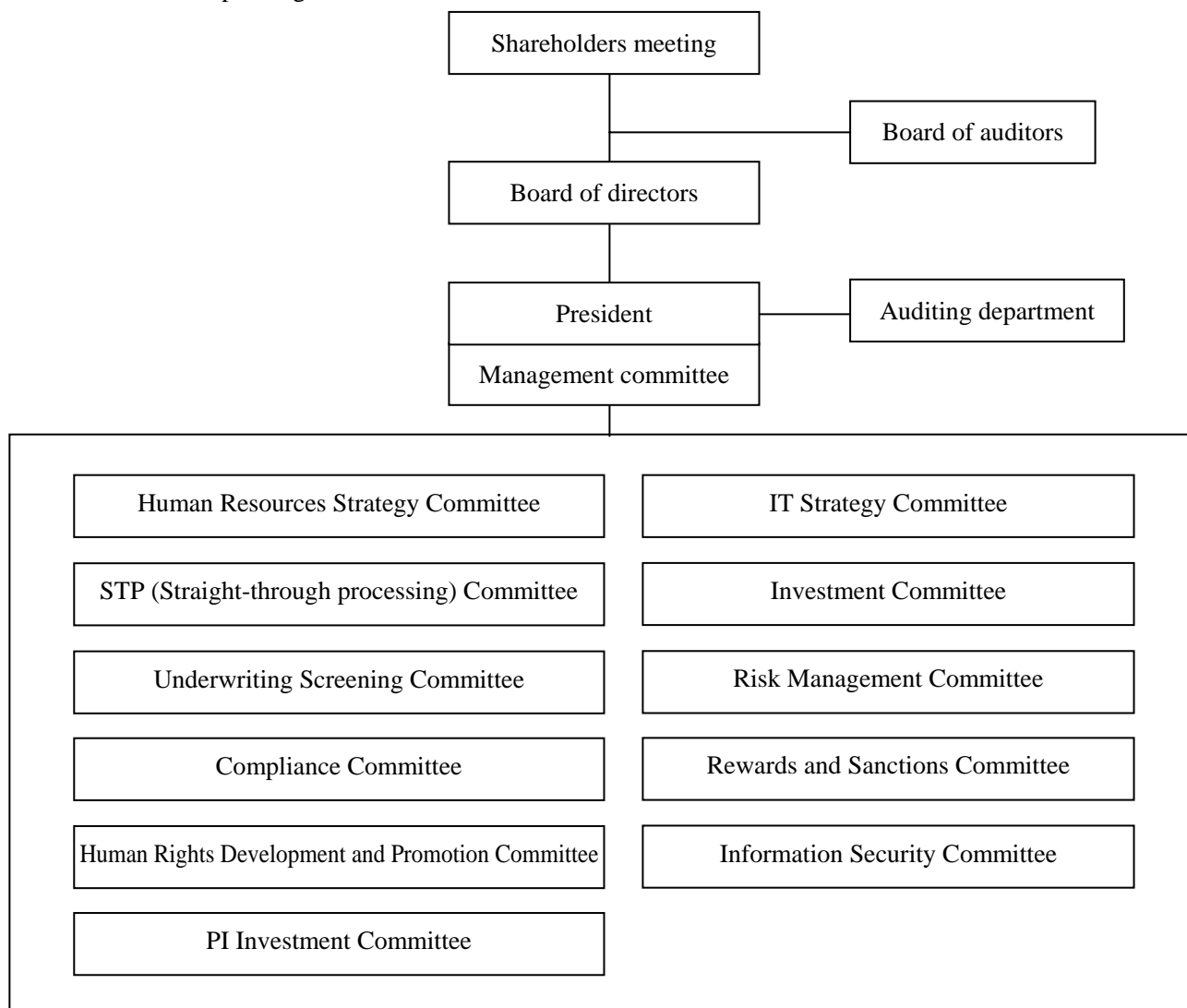
Total annual remuneration paid to audit officers 40 million yen

(Auditor's remuneration)

Remuneration paid to auditors during this financial year was as follows:

Payment relating to audit certification based on audit contract 32 million yen

Payments other than the above 11 million yen

Current status of corporate governance structures

(2) Summary of personal relationships, capital relationships, transactional relationships and other interests linking the company, the company's external directors, and the company's external auditors officers.

None

(3) Implementation status of measures to bolster the company's corporate governance carried out over the past year.

Following on from the establishment of the "Information Security Committee" in July 2004, the company established the "Information Management Preparation Office" in January 2005 (which became the Information Management Office as of April 2005), which aims to maintain structures for information management, including compliance with the Personal Information Protection Law, which came into full force in Japan in April.

Further, by reviewing the operational regulations for our existent internal reporting system, we improved the system's reliability, effectiveness, and increased knowledge of the system among executives, thus improving our self-governance and supervisory control functions.

In addition, from the standpoint of furthering the independence of the internal audit department, we are also reviewing the regulations governing the internal audit.

8. Items related to the parent company and other affiliated entities

(1) Corporate name of parent company and other affiliated entities

As of 31 March 2005

Parent company / other related company	Relationship	Percentage of voting rights held by parent company or other related company	Stock exchanges listing the shares issued by the parent or other related company
Mizuho Financial Group, Inc.	Defined as “another company” related to a “listed company”	27.45 (27.45)	Tokyo Stock Exchange (First section) Osaka Stock Exchange (First section)
Mizuho Holding, Inc.	As above	27.45 (27.45)	Not listed
Mizuho Corporate Bank, Ltd.	As above	16.37 (5.29)	Not listed

Note) The figure in brackets in the “Percentage of voting rights held by parent company or other related company” column refers to the percentage of voting rights held indirectly.

(2) Influence of the parent or other related company

Name of the company with the largest influence over Shinko Securities	Mizuho Financial Group, Inc.
Reason	The above company is the holding company for the Mizuho Group

(3) The position of Shinko Securities within the corporate group consisting of the parent company and other affiliated entities, and the relationships between other listed companies and the parent company and other affiliated entities

The Mizuho Bank owns 11.08% of the voting stock of the company; the Mizuho Corporate Bank also owns 11.08%; and the Mizuho Securities owns 5.29%. These three companies thus own a combined 27.45% of the voting stock. At the same time, the Mizuho Securities Company is a subsidiary of the Mizuho Corporate Bank; the Mizuho Corporate Bank and the Mizuho Bank are subsidiaries of Mizuho Holdings; and Mizuho Holdings is a subsidiary of the Mizuho Financial Group. Accordingly, of each the Mizuho Financial Group, Mizuho Holdings and the Mizuho Corporate Bank, our company is a consolidated company to which the equity method applies.

The role of Shinko Securities with the Mizuho Financial Group, in addition to making use of our strength in providing full-line securities to contribute to the group’s underwriting, product and sales strategies, is to use the group’s creditworthiness and brand strength to contribute to the group as a whole by finding new customers outside the group, actively developing business alliances, expanding the customer base, and strengthening profitability structures.

In addition, to strengthen the management organization of the company, we host executives from the Mizuho Financial Group, exchange intermediate level managers, and carry out other personnel exchange through training programs. In addition, as described below under “Items related to transactions with the parent company and other affiliated entities”, the company enters into important transactions with other group companies including the borrowing of capital and securities transactions.

The company has two major decision-making bodies, the board of directors, as prescribed by law, and the management committee, which is composed of board members and executive officers in charge of important business functions. These decisions making organs are governed respectively by the Board of Directors Rules and the Management Committee Regulations, and make decisions on legally required matters and other important matters arising in the course of business. Four members of the board of directors are auditor’s officers who give advice and make recommendations regarding agenda items. Therefore, through its corporate governance and other structures, the company believes that it, as a listed company, maintains a certain level of independence from the parent company and other affiliated entities.

(4) Items related to transactions with the parent company and other affiliated entities

Relation-ship	Name	Address	Capital or invested capital	Busines s Area	% of voting rights held	Relationship		Transac-tions	Transac-tion amount	Item	Year-end balance
						Executives serving both companies	Business relationships				
Other affiliated company	Mizuho Corporate Bank, Ltd.	Chiyoda, Tokyo	1,070,965	Bank	Direct 11.08 Indirect 5.29	None	Borrowing of capital Sale of securities and other transactions	Borrowing of capital	604	Short-term loans	12,500
										Long-term loans	15,000
								Interest of borrowed capital	Advances	2	
									Accounts payable	5	
								Loan of bonds	Collateral for borrowed securities	1,011	
Amounts receivable on loan transactions	124,595										

(Transaction conditions and policies for determining transaction conditions)

Conditions attached to the loan of capital and bonds are determined with reference to market interest rates and other conditions.

[Business Performance and Financial Position]**1. Business Performance**

At the start of this financial year, the Japanese economy maintained modest growth supported by an increase in exports and a recovery in capital investment. However, from the autumn, the economy began to slow down, particularly in production industries, as export growth tailed off and high-tech firms made inventory adjustments. As a result, the economy remained static towards the end of the financial year. Under these circumstances, the Nikkei average rose to a high of 12,163 yen at the end of April 2004, before a decline in the overseas equity market, due to expectations of interest rate rises in the US and China and other factors, led to adjustments. Toward the end of 2004, high oil prices and the continued appreciation of the yen caused increasing uncertainty over the economy and corporate performance, causing the Nikkei Average to hover in a narrow range either side of 11,000 yen. From the start of 2005, the market tested 12,000 once again as foreign investors bought into the market and economic indices showed signs of improvement. In the bond market, the yield on new issues of 10-year Japanese government bonds approached 2% at one point during the summer, as expectations grew that the economy would break out of its deflationary spiral, but later the perception of economic slowdown widened favorable supply and demand conditions led to a firmer bond market. At the end of the financial year yield fell to between 1.3% and 1.4%, lower than the yield at the start of the financial year.

Overseas, the US economy showed increasing signs of another recovery after the summer, centered on consumption and capital investment. However, the European economy showed only a muted recovery as it was affected by a slowdown in exports. The US and European equity markets had waffled through the summer with oil prices remaining high and investors watching to see the outcome of the US presidential election. However, from the autumn, markets began to rise once again as the re-election of President George W. Bush and a pause in oil price rises created positive investor sentiment. Towards the end of the financial year major indices rebounded and hit new highs. In the bond market, adjustments were made in the middle of the financial year in both the US and Europe, but overall the market was solid, despite continual interest rate rises in the US, due to the beneficial effect of price stability.

Under these circumstances, our corporate group earned consolidated operating revenues for this year of 113.052 billion yen (98.3% of the previous year), an ordinary profit of 14.22 billion yen (62.8%), and a net profit of 7.737 billion yen (49.6%). A brief breakdown of these results follows:

(1) Commissions and fees received

Commissions and fees received during this year totaled 79.008 billion yen (119.9%). A breakdown of this income follows:

- Brokerage commissions

The average daily turnover during this year in the sections 1 and 2 of the Tokyo Stock Exchange was 1.3679 trillion yen (118.1%). Our company brokered the sale of 8.715 billion shares of stock (83.9%) worth 7.5949 trillion yen (111.5%), while our commissions on the same totaled 40.798 billion yen (107.7%). Commissions earned on bond brokering totaled 197 million yen (75.1%).

- Underwriting and selling fees

In this financial year, we underwrote the offering and sale of shares issued by 102 newly floated companies. We lead managed 20 of these cases. We were also served as an underwriter for the offering and sale of stock from 127 already-listed firms, and were lead manager for 27 of these firms. As a result, income for underwriting and selling fees was 8.277 billion yen (191.8% of that for the previous year).

Regarding bonds, while we continued to concentrate our efforts on underwriting government guaranteed bonds and municipal bonds, we also lead managed issues of two issues of FLIP institution bonds and 9 issues of industrial bonds. As a result, income from underwriting and selling fees for bonds totaled 1.081 billion yen (107.8%).

- Offering, selling, and other fees and commissions

This income is made up chiefly of fees and commissions we earn selling investment trusts to our customers and service commissions.

As extremely low interest rates remain in place, distributed investment trusts has remained attractive to individual investors. In addition to our current products in this market, which focus on foreign government bonds, we have introduced the new "Shinko J-REIT open" and "Shinko US-REIT open" (Shinko Investment Trust Management Co., Ltd.), an investment trust which concentrates on Real Estate, thereby further strengthening our line-up of distributed investment trust products.

In the field of domestic equity investment trusts, we introduced "Growing Covers", a new growth fund managed by Yasuda Asset Management Co., Ltd., "DIAM Nihon Kabu Focus", a fund focused on Japanese stocks and

managed by the Kogin Daiichi Life Asset Management Co., and a fund comprised of small and medium cap companies in Kyoto, Osaka and Kobe, entitled “Yume-santo” and managed by Shinko Investment Trust Management Co., Ltd. Further, in the field of overseas equity investment trusts we introduced “Real China 2004-5”, managed by Shinko Investment Trust Management Co., Ltd., as well as funds focused on Indian stocks such as “PCA India Equity Open” managed by PCA Asset and “India Focus Fund” managed by Fidelity Funds. In conjunction with our existing funds, these new funds will strengthen out sales of equity investment trusts.

In addition, investors were also sought for the “Overseas price-indexed government bond fund” (PI fund) a fund investing in price-indexed government bonds managed by Shinko Investment Trust Management Co., Ltd., and the “US Dollar Principal Protection Strategy Matrix 10 (2005-02)”, an overseas investment trust investing in hedge funds.

On the other hand, in the area of public bond investment trusts, Shinko Investment Trust’s “Mid-Term Government Bond Fund” and “Green Mid-Term Government Bond Fund” were redeemed at the end of May.

As a result, commissions from the sale of investment trusts reached 12.593 billion yen (133.4%). Other fees and commissions totaled 16.014 billion yen (123.9%).

(2) Trading profits

This year saw us earn trading profits of 10.036 billion yen (64.5%) on equity trading, and 20.777 billion yen (66.4%) on the trading of bonds, foreign currency and other instruments. Total trading profits thus stood at 30.814 billion yen (65.8%).

(3) Financial profit/loss

Deducting financial expenses of 4.701 billion yen (104.9%) from financial revenues of 2.83 billion yen (146.6 %) gives a financial loss for this year of 1.871 billion yen.

(4) Selling, general and administrative expenses

Since personnel expenses including expenses for performance related pay, expenses for outsourcing system development and depreciation increased, general and administrative expenses for this financial year rose to 98.179 billion yen (109%).

(5) Extraordinary profits and losses

We recorded extraordinary profits of 1.675 billion yen on sale of investment securities. However, we recorded extraordinary losses, including write-down of fixed assets of 2.242 billion yen, re-amortization of future retirement and severance pay obligations in line with a change to accounting standards of 1.69 billion yen, and reserve for loss incurred on business reorganization of 1.683 billion yen. Overall, we recorded an extraordinary loss of 5.448 billion yen.

2. Financial position

Factors such as an increase in loans receivable secured by securities meant net cash used in operating activities was 179.002 billion yen.

Net cash used in investing activities totaled 14.27 billion yen on factors such as an increase in investment in new system.

Financing activities provided net cash of 135.322 billion yen on factors such as an inflow of call money that increased the balance of short-term loans payable.

As a result of these flows, the balance of cash and cash equivalents stood at 51.656 billion yen at the end of this year.

Consolidated Balance Sheets

(In millions of yen)

	Financial year to 31 March 2005	Financial year to 31 March 2004	Year-on-year increase/decrease
Assets			
Current assets	3,330,329	2,294,581	1,035,747
Cash and due from banks	51,881	109,778	-57,897
Fund deposits	64,812	53,044	11,767
Trading products	1,376,233	849,695	526,538
Trading securities, etc.	1,370,448	846,563	523,884
Derivative assets	5,785	3,131	2,653
Trade date accrual		41,581	-41,581
Investment securities for sale	2,452	3,250	-798
Margin transaction assets	86,420	84,724	1,696
Customers' loans receivable in margin transactions	77,742	74,512	3,229
Collateral for borrowed securities for margin transactions	8,678	10,211	-1,532
Loans receivable secured by securities	1,724,082	1,131,256	592,825
Collateral for borrowed securities	1,713,952	1,127,256	586,695
Loans receivable in gensaki transactions	10,130	3,999	6,130
Advances	561	1,535	-974
Cash paid for offering, etc.	6,244	2,122	4,121
Short-term deposits	4,694	1,742	2,951
Accounts for non-delivered securities and others		704	-704
Short-term loans receivable	218	279	-60
Securities	2,026	1,513	512
Accrued revenues	6,911	6,131	780
Deferred income tax assets	155	518	-362
Other current assets	3,821	6,921	-3,099
Allowance for bad debts	-188	-221	33
Fixed assets	154,687	149,085	5,602
Tangible fixed assets	43,038	46,737	-3,699
Buildings	17,437	19,146	-1,709
Furniture and fixtures	4,011	3,878	132
Land	21,589	23,711	-2,122
Intangible fixed assets	26,802	20,180	6,622
Software	22,966	13,747	9,219
Phone right, etc.	3,836	6,433	-2,596
Investments and other assets	84,846	82,167	2,679
Investment securities	65,687	55,537	10,149
Long-term deposits	13,929	15,542	-1,613
Deferred income tax assets	264	223	40
Other investments	9,875	15,859	-5,984
Allowance for bad debts	-4,909	-4,995	86
Total assets	3,485,017	2,443,667	1,041,349

(In millions of yen)

	Financial year to 31 March 2005	Financial year to 31 March 2004	Year-on-year increase/decrease
Liabilities			
Current liabilities	3,175,427	2,147,366	1,028,061
Trading products	1,220,685	796,913	423,771
Trading securities, etc.	1,218,474	790,762	427,711
Derivative liabilities	2,210	6,150	-3,940
Trade date accrual	14,132		14,132
Margin transaction liabilities	56,119	53,627	2,492
Customers' loans payable for margin transactions	51,280	45,351	5,929
Collateral for loaned securities for margin transactions	4,839	8,275	-3,436
Loans payable secured by securities	1,475,857	1,038,972	436,885
Amounts receivable on loan transactions	1,302,482	815,928	486,553
Loans payable in gensaki transactions	173,375	223,043	-49,668
Deposits received	56,108	42,726	13,382
Received margins	14,392	14,834	-442
Accounts for non-received securities and others	0	704	-703
Short-term loans payable	265,905	171,367	94,537
Commercial paper	57,200	18,500	38,700
Accrued liability	1,041	1,292	-251
Income taxes payable	919	431	487
Deferred tax liabilities		9	-9
Reserve for bonus	3,857	3,727	129
Reserve for loss incurred on business reorganization	1,683		1,683
Other current liabilities	7,524	4,259	3,264
Fixed liabilities	71,027	62,744	8,283
Long-term loans payable	42,550	35,795	6,755
Deferred tax liabilities	6,580	5,037	1,542
Reserves for retirement benefits	17,184	16,750	434
Other fixed liabilities	4,712	5,160	-448
Statutory reserve	1,049	1,052	-3
Reserve for securities transaction liabilities	1,049	1,052	-3
Total liabilities	3,247,504	2,211,163	1,036,341
Minority interest	5,428	5,127	301
Shareholders' equity			
Common stock	125,167	125,167	
Capital surplus	82,541	82,087	454
Earned surplus	20,174	16,497	3,676
Difference in valuation of securities	11,491	9,540	1,951
Foreign exchange translation adjustment	283	204	78
Treasury stock	-7,575	-6,121	-1,453
Total shareholders' equity	232,083	227,376	4,706
Total liabilities, minority interest, and shareholders' equity	3,485,017	2,443,667	1,041,349

Consolidated Statement of Income

(In millions of yen)

	Financial year from 1 April 2004 to 31 March 2005	Financial year from 1 April 2003 to 31 March 2004	% change from previous year
Operating revenues	113,052	114,967	98.3
Commissions and fees received	79,008	65,896	119.9
Trading profit or loss	30,814	46,831	65.8
Trading profit or loss on investment securities for sale	398	308	129.3
Financial revenues	2,830	1,930	146.6
Financial expenses	4,701	4,483	104.9
Net operating revenues	108,350	110,483	98.1
Selling, general and administrative expenses	98,179	90,092	109.0
Transaction expenses	13,949	12,189	114.4
Personnel expenses	50,675	48,965	103.5
Real estate expenses	14,373	14,651	98.1
Office expenses	6,492	5,394	120.4
Depreciation	7,913	5,518	143.4
Taxes and dues	1,196	521	229.2
Others	3,579	2,850	125.6
Operating profit	10,170	20,391	49.9
Non-operating revenues	6,689	5,236	127.8
Investment profit on equity method	101	4	2,329.3
Others	6,588	5,231	125.9
Non-operating expenses	2,639	2,984	88.5
Ordinary profit	14,220	22,643	62.8
Extraordinary profits	1,679	2,339	71.8
Extraordinary losses	7,127	8,566	83.2
Net profit before taxes, etc.	8,771	16,416	53.4
Income taxes	446	607	73.5
Adjustment amount for income taxes	321	54	587.7
Minority interest	266	139	190.3
Net profit	7,737	15,614	49.6

Consolidated Statement of Earned Surplus

(In millions of yen)

	Financial year from 1 April 2004 to 31 March 2005	Financial year from 1 April 2003 to 31 March 2004
Capital surplus		
Balance of capital surplus at start of year	82,087	111,407
Increase in capital surplus	454	2
Gain on disposal of treasury stock	454	2
Decrease in capital surplus		29,322
Offset by capital reserve		29,322
Balance of capital surplus at end of year	82,541	82,087
Earned surplus		
Balance of earned surplus at start of year	16,497	-28,439
Increase in earned surplus	7,737	44,937
Offset by capital reserve		29,322
Net profit	7,737	15,614
Decrease in earned surplus	4,061	
Dividend	3,865	
Officer's bonus	195	
Balance of earned surplus at end of year	20,174	16,497

Consolidated Cash Flow Statement

(In millions of yen)

	Financial year from 1 April 2004 to 31 March 2005	Financial year from 1 April 2003 to 31 March 2004
I Cash flows from operating activities		
Net profit before taxes, etc.	8,771	16,416
Depreciation	7,913	5,518
Adjustment for extraordinary profit and loss		
Profit from sale on fixed assets		-11
Loss from sale or disposition of fixed assets	608	4,172
Write-down of fixed assets	2,242	
Profit from sale on investment securities	-1,675	-1,763
Write-down and loss from sale of investment securities	575	1,516
Write-down of golf club memberships	8	1
Re-amortization of future retirement and severance pay obligations in line with a change to accounting standards	1,690	1,690
System Change Costs		814
Expenses incurred through merging or eliminating branches		247
Provision of reserve for loss incurred on business reorganization	1,683	
Irregular depreciation expense	222	
Provision (reversal) of reserve for securities transaction liabilities	-3	74
Provision of allowance for bad debts	96	49
Interest income and dividends receivable	-3,558	-2,572
Interest cost	4,701	4,483
Investment profit/loss on equity method	-101	-4
Increase/decrease in loans receivable	90	-22
Increase/decrease in money held as customers' trust	-11,619	-19,019
Increase/decrease in advances and deposits received	14,356	9,639
Increase/decrease in trading products	-45,503	402,936
Increase/decrease in margin transaction assets	-1,696	-46,642
Increase/decrease in margin transaction liabilities	2,492	32,964
Increase/decrease in loans receivable secured by securities	-592,825	-172,646
Increase/decrease in loans payable secured by securities	436,885	-233,330
Increase/decrease in allowance for bad debts	-109	279
Increase/decrease in reserve for bonus	129	1,432
Increase/decrease in reserves for retirement benefits	-1,256	-2,024
Others	-711	7,182
Subtotal	-176,593	11,382
Interest and dividends received	2,809	2,541
Interest paid	-4,604	-4,521
Income taxes, etc. paid	-614	-1,381
Special retirement benefits		-6,262
Cash flow from operating activities	-179,002	1,758
II Cash flows from investing activities		
Payments for purchases of investment securities	-6,626	-2,489
Proceeds from the sale of investment securities	6,480	5,154
Payments for purchases of tangible fixed assets	-712	-346
Proceeds from the sale of tangible fixed assets	538	936
Payments for purchases of intangible fixed assets	-13,576	-11,804
Proceeds from sale of intangible fixed assets	0	199
Revenue by return on long-term deposits	1,613	1,023
Others	-1,988	-305
Cash flow from investing activities	-14,270	-7,631
III Cash flows from financing activities		
Increase/decrease in short-term loans payable	131,692	71,620
Proceeds from long-term loans payable	18,050	11,000
Payments for long-term loans payable	-9,750	-7,000
Payments for acquiring treasury stocks	-2,502	-51
Income from sale of treasury stocks	1,735	
Dividend paid	-3,865	
Dividend paid to minority shareholders	-36	-29
Cash flow from financing activities	135,322	75,539
IV Effect of foreign exchange rate changes on cash and cash equivalents	50	-370
V Increase/decrease in cash and cash equivalents	-57,900	69,296
VI Balance of cash and cash equivalents at start of year	109,557	40,260
VII Balance of Cash and cash equivalents at end of year	51,656	109,557

[About the consolidated financial statements]

These consolidated financial statements follow the provisions of Ministry of Finance (MoF) Ordinance No.28 (1976) entitled “The Rules for Terms, Formats, and Preparation Method of Consolidated Financial Statements” (“Rules for Consolidated Financial Statements”) and also comply with the provisions stipulated in Articles 46 and 68 of said ordinance. In addition, they are compiled in accordance with Prime Ministerial and MoF Ordinance No.32 (1998) entitled “Cabinet Ordinance Concerning Securities Companies” and the resolution entitled “Unification of Securities Business Accounting ” adopted by the Japan Securities Dealers Association on 14 November 1974.

However, in accordance with the proviso in additional clause No.2 of “Cabinet Office Ordinance Amending Part of the Rules for Terms, Formats, and Preparation Method of Consolidated Financial Statements” (Cabinet Office Ordinance No.5, 30 January 2004), these financial statements are prepared in accordance with Rules for Consolidated Financial Statements in place before the above amendment.

[Basic Important Matters for Preparation of Consolidated Financial Statements]

1. Matters regarding the scope of consolidation

(1) Consolidated subsidiaries (15 subsidiaries)

Major subsidiaries

Shinko Securities Business Services Co., Ltd.
Shinko Investment Co., Ltd.
Shinko Investment Trust Management Co., Ltd.
Nippon Securities Technology Co., Ltd.
(New) Shinko Securities (H. K.) Ltd.

(2) Non-consolidated subsidiaries (1 subsidiary)

Shinko IPO Investment Partnership Fund No.1

2. Matters concerning the application of equity method

Equity-method affiliates (5 affiliates)

Major affiliates

Eiwa Securities Co., Ltd.
Mitoyo Securities Co., Ltd.

3. Matters concerning the period of consolidated subsidiaries

The closing date of consolidated subsidiaries coincides with the consolidated closing date.

4. Matters concerning the accounting standard

(1) Valuation method for significant assets

1) Valuation method for securities classed as trading products (securities held for trading purpose):

Securities and derivative contracts classed as trading products and held by the parent company or subsidiaries are recorded at present market value.

2) Valuation method for securities not classed as trading products:

The following valuation methods are applied to securities that are not held for trading purposes:

a) Bonds that are to be held to maturity.

The depreciable cost (straight-line) method is used.

b) Other securities

Securities, etc. that have market values:

The present market value is recorded on the consolidated balance sheets and differences between this and acquisition cost is incorporated into the capital account in full. The selling price is based on the moving-average cost method.

Securities, etc. that have no market values

Valued using mainly the moving-average cost method.

- (2) Depreciation methods used for significant depreciable assets
 - 1) Tangible fixed assets

Both our company and domestic consolidated subsidiaries use mainly fixed-percentage depreciation. However, buildings acquired after 1 April 1998 (excluding the equipment, etc. they contain) are depreciated using the straight-line (fixed amount) method.
 - 2) Intangible fixed assets and long-term prepaid expenses

The straight-line method is used.

Moreover, software for our own use is depreciated using a straight-line method with the fixed amount of depreciation being determined by the duration of its potential internal use (up to 5 years).
- (3) Handling of significant lease transaction

In the case of finance leases where ownership is not deemed to have passed to the lessee, normal accounting procedures for leases are followed.
- (4) Accounting standards for significant reserves and allowances
 - 1) Allowance for bad debts

In preparation for loss from bad debt in loans receivables, etc., the recoverable possibilities of general receivables are reviewed based on the ratio of past uncollectibles and those of specific receivables including the ones that are likely to become bad debts are individually reviewed, so that the irrecoverable amount can be estimated.
 - 2) Reserve for bonus

To prepare for the payment of bonuses to employees, we calculated the estimated value of future payments and charged this obligation to this year.
 - 3) Reserves for retirement benefits

To prepare for the payment of lump sum retirement bonuses and qualified pensions, the difference between the value of such obligations and the total value of our pension assets at the end of this financial year was estimated, and the portion of the additional shortfall considered to have arisen in this year was charged to this year.

The difference at the change in the accounting method (8,454 billion yen) will be amortized in straight-line method over 5 years, and the amount appropriated to this year is included in the extraordinary loss.

Past service liabilities are regarded at any time as being a number of years (10 years) that fall within the average number of years' service remaining for each employee. These liabilities are amortized and charged to this year for which it was calculated using the straight-line method.

Actuarial gains and losses are also charged after amortizing by the straight-line method a number of years (10 years) that fall within the average number of years' service remaining for each employee. However, in this case, the charges are recorded in the following consolidated financial year.
 - 4) Reserve for loss incurred on business reorganization

In order to prepare for losses, that must be borne by the company, incurred on the business reorganization of consolidated subsidiaries, the above estimated future loss is recorded as a reserve following an examination of business conditions.
- (5) Standards for translating significant assets and liabilities denominated in foreign currencies

Foreign currency denominated claims and obligations are translated into Japanese yen at the spot rate prevailing on the day the consolidated balance sheet was prepared. Currency translation losses or gains are recorded on the income statement as such.

The assets, liabilities, revenues, and expenses of foreign subsidiaries are also translated into Japanese yen at the spot rate prevailing on the day the consolidated balance sheet was compiled. Any translation losses or gains are recorded in the capital account under the heading "Foreign exchange translation adjustment".
- (6) Method of significant hedge accounting

In order to hedge our exposure to cash flow fluctuations caused by borrowing at variable interest rates, we enter into interest rate swap contracts. These are handled on a case-by-case basis.
- (7) Accounting for consumption tax, etc.

The tax exclusion method is applied.

5. Valuation of assets and liabilities of consolidated subsidiaries
The valuation of asset and liabilities of consolidated subsidiaries is carried out entirely on a mark-to-market basis.
6. Amortization of the consolidation adjustment account
This account is amortized in the lump for the year when it occurred.
7. Matter concerning the handling of profit appropriation and the like
Regarding the disposal of surpluses at consolidated companies, the consolidated statement of earned surplus is compiled based on the appropriation of surpluses that have been determined during that consolidated financial year.
8. Scope of cash and cash equivalents included in the consolidated cash flow statement
The cash movements recorded in the consolidated cash flow statement are those of cash and cash equivalents. Assets classed as cash or cash equivalents are cash on hand, deposits for which no notice of withdrawal is required, and highly liquid short-term investments that carry next to no price risk and have a maturity of less than three months.

[Notes on consolidated balance sheets]

	Financial year to 31 March 2005	Financial year to 31 March 2004 (In millions of yen)
1. Accumulated depreciation of tangible fixed assets	23,547	23,129
2. Guarantee obligations (guarantee exercise anticipated)	1,542 (1,416)	2,786 (2,632)

In accordance with Report No.61 of the Auditing Committee of the Japanese Institute of Certified Public Accountants entitled “Auditing Procedures Concerning the Accounting for and Presentation of Guarantee Obligations and Similar”, we recognize that we bear effective responsibility for guaranteeing our obligations and therefore provide a footnote giving details of these obligations.

3. Subordinated borrowings
Among our long-term borrowings (including those that mature within one year), there are the following subordinated obligations (borrowings with special subordinating conditions) as defined in Article 2 of Cabinet Office Ordinance No.23 (2001) entitled “Orders Concerning the Capital Adequacy of Securities Companies”.

	Financial year to 31 March 2005	Financial year to 31 March 2004 (In millions of yen)
	50,800	42,500
4. Securities related to affiliates are indicated below.		
	Financial year to 31 March 2005	Financial year to 31 March 2004 (In millions of yen)
Investment securities (shares)	5,218	2,117
Other investments (contribution)		3,635

[Notes on consolidated income statement]

	Financial year from 1 April 2004 to 31 March 2005	Financial year from 1 April 2003 to 31 March 2004 (In millions of yen)
Extraordinary profits		
Profit from sale of fixed assets		11
Profit from sale of investment securities	1,675	1,763
Profit from recovery of bad debts		565
Reversal from reserve for securities transaction liabilities	3	
Extraordinary losses		
Loss from sale of fixed assets	13	3,789
Loss from disposition of fixed assets	594	383
Write-down of fixed assets	2,242	
Loss from sale of investment securities	141	141
Write-down of investment securities	433	1,374
Write-down of golf club memberships	8	1
Re-amortization of future retirement and severance pay obligations in line with a change to accounting standards	1,690	1,690
System change costs		814
Expenses incurred through merging or eliminating branches		247
Irregular depreciation expense	222	
Provision of reserve for loss incurred on business reorganization	1,683	
Provision of reserve for securities transaction liabilities		74
Provision of allowance for bad debts	96	49

[Notes to the consolidated cash flow statement]

Relationship between the balance of cash and cash equivalents at the end of this financial year and balances of account items recorded on the consolidated balance sheets

	Financial year to 31 March 2005	Financial year to 31 March 2004
Cash and due from banks	51,881	109,778
Fixed deposits for periods exceeding 3 months	-225	-221
Cash and cash equivalents	51,656	109,557

Segment Information

1. Business segment information

This corporate group is carrying out global business activities mainly for securities, which include (1) selling and buying securities, (2) brokerage of the entrustment of selling and buying securities, etc., (3) underwriting and selling securities, (4) handling the offering and selling of securities, and (5) handling the private offering of securities. These business activities involve providing financial and other services. We earn profit based on these business activities combined with such services. Therefore, the segment information on business types is omitted because our corporate group's business activities all come under the single business segment of "investment and financial services."

2. Geographical segment information

For this financial year and the previous financial year, the segment information on locations is omitted because each of the total operating revenue and assets of consolidated companies in Japan exceeds 90% of those in all segments.

3. Overseas gross sales (operating revenues)

For this financial year and the previous financial year, the overseas operating revenue is omitted because it is less than 10% of the consolidated operating revenues.

Regarding retirement benefits

1. Summary of current retirement benefit system

The company and its consolidated subsidiaries offer three types of fixed benefit type retirement benefits: welfare pension funds, qualified pension plans and a lump sum termination allowance plan. Note that the permission of the Health, Labor and Welfare Minister was obtained for the disbanding of the Japan Securities Companies' Welfare Pension Fund on March 25th, 2005.

2. Items related to retirement benefit systems that are mentioned in the consolidated financial statements

	Financial year to 31 March 2005	Financial year to 31 March 2004 (In millions of yen)
1) Items related to retirement allowance liabilities		
Retirement allowance reserve	17,184	16,750
2) Items related to retirement allowance expenses		
Retirement allowance expense	6,353	6,484

(Note) The above retirement allowance expense includes the re-amortization of future retirement and severance pay obligations in line with a change to accounting standards, which is recorded as an extraordinary loss.

3. Items related to the fundamental calculations of retirement allowance liabilities
- | | Fixed amount
standard for year | Fixed amount
standard for year |
|--|-----------------------------------|-----------------------------------|
| 1) Method of allocating retirement allowance costs over time | | |
| 2) Discount rate | 2.0% | 2.0% |
| 3) Expected profit from asset management | 2.0% | 2.0% |
| 4) No. of years over which actuarial gains and losses are processed
(Retirement allowance liabilities are processed according to a straight-line method based on a certain number of years within the average remaining number of employee working years at the time the liabilities arise. However, expense processing starts the following year.) | 10 years | 10 years |
| 5) No. of years over which past service liabilities are processed
(Retirement allowance liabilities are processed according to a straight-line method based on a certain number of years within the average remaining number of employee working years at the time the liabilities arise.) | 10 years | 10 years |
| 6) No. of years over which future retirement and severance pay obligations in line with a change to accounting standards are processed | 5 years | 5 years |

Data on Consolidated Settlement of Accounts

1. Commissions and fees received

(1) Breakdown by account (In millions of yen)

	Financial year from 1 April 2004 to 31 March 2005	Financial year from 1 April 2003 to 31 March 2004	% change from previous year
Brokerage commissions	41,042	38,216	107.4
(Equities)	(40,798)	(37,878)	(107.7)
(Bonds)	(197)	(263)	(75.1)
Underwriting & selling fees	9,358	5,318	176.0
(Equities)	(8,277)	(4,315)	(191.8)
(Bonds)	(1,081)	(1,003)	(107.8)
Offering & selling fees and commissions	12,593	9,437	133.4
Other fees and commissions	16,014	12,924	123.9
Total	79,008	65,896	119.9

(2) Breakdown by instrument (In millions of yen)

	Financial year from 1 April 2004 to 31 March 2005	Financial year from 1 April 2003 to 31 March 2004	% change from previous year
Equities	49,622	42,834	115.8
Bonds	3,013	3,100	97.2
Beneficiary securities	20,944	16,763	124.9
Others	5,427	3,198	169.7
Total	79,008	65,896	119.9

2. Trading profits (In millions of yen)

	Financial year from 1 April 2004 to 31 March 2005	Financial year from 1 April 2003 to 31 March 2004	% change from previous year
Equities, etc.	10,036	15,550	64.5
Bonds, exchange, etc.	20,777	31,281	66.4
(Bonds, etc.)	(21,348)	(30,945)	(69.0)
(Exchange, etc.)	(-570)	(336)	()
Total	30,814	46,831	65.8

(Reference)

Quarterly Changes in Consolidated Statement of Income

(In millions of yen)

	Fourth quarter of previous financial year	First quarter of current financial year	Second quarter of current financial year	Third quarter of current financial year	Fourth quarter of current financial year
Operating revenues	31,649	31,990	26,474	24,989	29,596
Commissions and fees received	19,423	22,614	18,196	17,099	21,097
Brokerage commissions	11,221	14,037	8,558	7,516	10,929
(Equities)	(11,154)	(13,956)	(8,507)	(7,445)	(10,889)
(Bonds)	(46)	(64)	(39)	(62)	(31)
Underwriting & selling fees	1,604	1,684	2,776	2,790	2,106
(Equities)	(1,389)	(1,377)	(2,551)	(2,469)	(1,879)
(Bonds)	(215)	(307)	(225)	(321)	(227)
Offering & selling fees and Other fees and commissions	2,674	2,966	2,951	2,924	3,750
Trading profit or loss	11,669	8,535	7,517	7,031	7,729
Equities, etc.	4,562	2,876	2,193	2,631	2,335
Bonds, exchange, etc.	7,107	5,658	5,324	4,400	5,393
(Bonds, etc.)	(6,937)	(5,543)	(6,186)	(4,042)	(5,575)
(Exchange, etc.)	(169)	(115)	(-862)	(357)	(-181)
Trading profit or loss on investment securities for sale	109	34	126	123	113
Financial revenues	446	805	634	734	655
Financial expenses	1,059	1,215	1,275	1,114	1,095
Net operating revenues	30,589	30,775	25,199	23,874	28,501
Selling, general and administrative expenses	22,676	25,584	24,730	22,821	25,043
Transaction expenses	3,077	3,246	3,554	3,607	3,540
Personnel expenses	12,293	14,280	12,563	11,245	12,585
Real estate expenses	3,598	3,869	3,646	3,460	3,396
Office expenses	1,538	1,452	1,808	1,387	1,843
Depreciation	1,368	1,580	2,056	1,989	2,287
Taxes and dues	105	419	255	275	247
Others	694	735	845	855	1,143
Operating profit	7,913	5,190	468	1,053	3,458
Non-operating revenues	1,360	2,511	1,226	1,913	1,038
Investment profit on equity method	-16	68	25	26	-19
Others	1,376	2,442	1,201	1,886	1,057
Non-operating expenses	746	589	682	654	713
Ordinary profit	8,526	7,112	1,013	2,311	3,783
Extraordinary profits	906	11	605	507	554
Extraordinary losses	5,671	541	671	604	5,310
Net profit before taxes, etc.	3,761	6,582	947	2,214	-973
Income taxes	-84	113	118	124	90
Adjustment amount for income taxes	15	57	28	27	207
Minority interest	-98	99	66	166	-66
Net profit	3,927	6,312	733	1,896	-1,204

Market or Fair Values of Securities and Derivatives

1. Trading-related

(1) Market values of trading securities, etc (securities for purchase and sale)

(In millions of yen)

Type	As of 31 March 2005		As of 31 March 2004	
	Assets	Liabilities	Assets	Liabilities
Equities and warrants	66,697	12,736	40,091	9,129
Bonds	1,295,013	1,205,587	787,545	781,326
CP and CD	6,905		17,098	
Beneficiary securities, etc.	1,831	150	1,829	306

(2) Notional amounts and market values of derivative contracts

(In millions of yen)

Type	As of 31 March 2005				As of 31 March 2004			
	Assets		Liabilities		Assets		Liabilities	
	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value
Options contracts	393,194	3,778	382,693	247	251,034	793	238,380	2,658
Forward exchange contracts	31,889	78	49,841	326	37,239	393	12,066	101
Futures/forward contracts	75,160	600	90,745	275	54,844	170	88,699	1,507
Swap contracts	79,911	1,328	92,911	1,361	81,976	1,774	109,108	1,882

Note: Deemed settlement values of forward exchange and futures contracts are recorded in the fair value column.

2. Non-trading-related

(1) Bonds with readily determinable market values that are to be held to maturity

(In millions of yen)

Type	As of 31 March 2005			As of 31 March 2004		
	Value on consolidated balance sheets	Market value	Balance	Value on consolidated balance sheets	Market value	Balance
Market value higher than value recorded on consolidated balance sheets	4,635	4,648	12	3,772	3,777	5
Governmental / local bonds						
Corporate bonds	4,635	4,648	12	3,772	3,777	5
Others						
Market value lower than or equal to value recorded on consolidated balance sheets				704	703	-0
Governmental / local bonds						
Corporate bonds				704	703	-0
Others						

(2) Other securities with readily determinable market values

(In millions of yen)

Type	As of 31 March 2005			As of 31 March 2004		
	Acquisition cost	Value on consolidated balance sheets	Balance	Acquisition cost	Value on consolidated balance sheets	Balance
Market value higher than value recorded on consolidated balance sheets	23,633 ()	41,948 ()	18,315 ()	20,405 (12)	35,771 (35)	15,366 (22)
Equities	20,395 ()	38,091 ()	17,695 ()	18,697 (12)	33,220 (35)	14,523 (22)
Bonds						
Governmental/local bonds						
Corporate bonds						
Others						
Others	3,237	3,857	619	1,708	2,551	842
Market value lower than or equal to value recorded on consolidated balance sheets	2,971	2,585	-386	5,598	4,918	-679
Equities	2,820	2,437	-383	3,489	2,905	-583
Bonds						
Governmental/local bonds						
Corporate bonds						
Others						
Others	151	148	-3	2,108	2,013	-95

(Note) Figures in brackets refer to investment securities for sale. Investment securities for sale are recorded under "Current assets".

(3) Securities without readily determinable market values and their recorded values on the consolidated balance sheets

(In millions of yen)

Type	As of 31 March 2005	As of 31 March 2004
	Value on consolidated balance sheets	Value on consolidated balance sheets
Bonds to be held to maturity		
Governmental /local bonds		
Corporate bonds		
Others		
Other securities	15,777	13,017
	(2,452)	(3,215)
Equities	10,805	11,970
(Unlisted equities)	(2,416)	(3,167)
Bonds	36	47
(Unlisted bonds)	(36)	(47)
Others	4,935	999

(Note) Figures in brackets refer to investment securities for sale. Investment securities for sale are recorded under "Current assets".